



Defense Focus

Australian Defense and Security Market Update

Issue 2, CY 2006

March 2006

Export market information for U.S. companies supplying the defense and security industries

Welcome to the second issue of **Defense Focus**, incorporating news items from the defense and security markets in Australia. This newsletter is produced for U.S. companies interested in the possibility of exporting their products *Down Under*. If you take the U.S. defense industry, the security industry, and the aerospace industry in general, you will find no more extensive commonality than with Australia. There are thousands of Aussie companies representing and distributing American products throughout Australia, New Zealand, and often other neighboring countries well. Among those local firms, many are looking for new opportunities and new suppliers, to provide products and services needed for national security. U.S. products are tops in quality and technological superiority, and are backed by an enviable reputation for service.

No wonder the competition is trying so hard!

As we said last issue - don't waste time - *check out the market with the USCS!* For information about our selected best prospect industries, contact the U.S. Commercial Service at sydney.office.box@mail.doc.gov or visit our web site at URL: www.buyusa.gov/australia

Good hunting!

The U.S. Commercial Service

The U.S. Commercial Service is an agency in the Department of Commerce International Trade Administration. It was founded in 1980 to help U.S. companies, particularly small and medium-sized businesses, to make sales in international markets. The agency's network includes Export Assistance Centers throughout the United States, and more than 150 offices overseas.

Its mission encapsulates this: "*The Commercial Service shall place primary emphasis on the promotion of exports of goods and services from the United States, particularly by small businesses and medium-sized businesses, and on the protection of United States business interests abroad.*"

No wonder we call ourselves – ***Your Global Business Partner***

AUSTRALIA CHOOSES C-17S

In another endorsement of U.S. capability, the Australian Government has selected the C-17 Globemaster for its ability to meet the needs of the ADF over the next 30 years. A media release announced the decision on March 3:

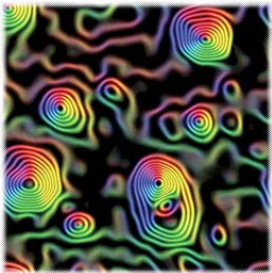


** This is the only aircraft currently in production which has a proven capability to meet Australian Defense Force operational commitments, in Australia, the region and globally. The C-17 has four times the carrying capacity of the RAAF C-130 Hercules.*

The C-17 aircraft has the load capacity and range that will allow the ADF to rapidly deploy troops, combat vehicles, heavy equipment and helicopters. This includes the M1A1 Abrams Tank, as well as Black Hawk, Sea Hawk, and Chinook helicopters. Each C-17 has the capacity to transport five Bushmaster Infantry Vehicles, or three Tiger helicopters.

*The fleet of up to four aircraft will give Australia a new Responsive Global AirLift capability, significantly enhancing ADF ability to support national and international operations, and major disaster rescue and relief efforts.**

FROM THE LARGE TO THE SMALL - NANOTECHNOLOGY



Oak Ridge Labs

The Australian Minister for Industry recently announced Australian government interest in nanotechnology developments, an industry predicted in to reach \$2.5 trillion in sales over the next decade. According to the announcement, the local industry is small, comprised of only about 50 Australian companies dealing in tiny particles, but with a great global potential, "no one's arguing that size matters." The Australian Research Council is funding more than 200 projects related to nanotechnology, and the announcement will ask industry and Australian states to sign up to a national plan to oversee this rapidly expanding scientific field.

DYK

Did you know that all Australian Government agencies put their annual procurements plans on the Internet? Check out details at: www.tenders.gov.au/federal/shared/annualprocplans.cfm

DEFENSE OPPORTUNITIES: TWO RFTs

Land 121—Project Overlander

This multi-phased project will provide the Australian Defense Force with updated ground mobility equipment, specifically field vehicles, trailers and modules. These will be used to transport personnel, combat supplies, command and control systems, and evacuate casualties if needed. This marks the transition to a military off-the-self solution that will reduce costs, vehicle types, and fleet size, also providing soldiers with access to innovative design features and new technology.

The Department of Defense is seeking proven and mature vehicles and trailer suppliers to provide the full range of equipment necessary. The overhaul will comprise of 6 generic range fleets, with 15 functional vehicle variants. The two requirements are the supply of lightweight and light field vehicles and modules, as well as the supply of military trailers.

For more information and how to register to receive a request for tender, please visit: www.defence.gov.au/dmo/lsc/land121/LAND121.cfm.

Project SEA 1401

This initiative will upgrade the Royal Australian Navy's four Paluma Class Survey Motor Launches. The Defense Material Organization and the Maritime Systems Division are seeking a provider of equipment that can survey to revised endorsed standards. It must also increase the surveying rate of effort as well as include additional route survey capability during unexpected circumstances.

Potential tenderers must sign a deed of confidentiality prior to receiving request for tender information. The timeframe for delivery is roughly 18 months Additional information is available from:

Project Mgr, Hydrographic Systems Program Office
Department of Defense
PO Box 1161, Cairns QLD 4870
Tel: +61 7 4035 8400, Fax: +61 7 4035 8402

Address for Lodgment:
Tender Box, Security Ground Floor, Defense Plaza
270 Pitt Street
Sydney NSW 2000

NSW POLICE TO GET WATER CANNONS

The Government of New South Wales has included the purchase of high-powered water cannons as part of their efforts to stop rioting. Tenders are to be called for the equipment, which is used to disperse protestors in Europe, the Middle East and Indonesia. The proposed purchase accompanies a decision to increase the police force by 750 officers. Government officials point to the recent riots in Southern Sydney as evidence that they require equipment that addresses public disturbances.

Genuine inquiries from potential suppliers to: Chief Superintendent, Public Order Response, fax: +61 2 9956-4570.

Add Tasers to that. NSW Police are conducting a trial of Tasers to add to their non-lethal armory.

BIOMETRICS INSTITUTE AUSTRALIA Annual Conference, Sydney, June 8-9, 2006

The Biometrics Institute is an independent organization engaged in research, analysis and education for biometrics users, vendors, and government agencies in the Asia-Pacific. Its annual conference is the leading biometrics industry forum in the region, providing an opportunity for industry to interact, network, exchange ideas and create business prospects.

The 2006 conference will address issues such as the development of biometric passports and ID cards; the social and philosophical implications of biometrics on human identity; identity management and border security; an analysis of the Australia Card and National ID System; speaker verification in government agencies; and biometrics in law enforcement. The conference welcomes Biometrics Institute affiliates as well as non-members. The keynote address will be given by the Attorney-General, the Honorable Philip Ruddock MP. Other speakers include participants from around the world from universities, government agencies, and the private sector.

To book an exhibition stand or discuss ways of promoting your company, please contact:

manager@biometricsinstitute.org.

To attend the event, call +61 2 9431 8688 or download the online registration form at: <http://www.biometricsinstitute.org/displaycommon.cfm?an=1&subarticlenbr=64>.

THE DEFENSE SCIENCE & TECHNOLOGY ORGANIZATION (DSTO)



DSTO is investigating emerging technologies with the potential to contribute to new defense capabilities in a range of areas:

Artificial Intelligence – DSTO is exploring a number of areas, including UAVs, foreseeing an intelligent and communicating network of UAVs that can undertake military missions without human intervention.

Hypersonics – DSTO is a partner in the Australian Hypersonics Initiative (AHI), which promotes collaborative research in scramjet propulsion technologies. Scramjets may significantly lower the costs of launching satellites into space. The AHI partners, and U.S. interests, are conducting scramjet test flights at Australia's Woomera range.

Micro Electro Mechanical Systems - MEMS integrate mechanical elements, sensors, actuators, and electronics on a single chip. DSTO has significant capability in the fabrication and use of MEMS for many defense applications such as monitoring the health of soldiers on the battlefield, detecting bio-weapons and maritime surveillance.

Nanotechnology – forming a growing part of DSTO's R&D program, this emerging technology promises many advanced benefits for defense applications, especially in surveillance, materials and sensors. Development of nanomaterials will enable vital defense tasks to be performed with precision and economy.

Quantum information processing – DSTO is conducting research into quantum information processing with partners in the Centre for Quantum Computer Technology, the Centre for Quantum Atom Optics and the Research School for Physical Sciences at the Australian National University.

DSTO offices are located at:

Level 6, Building 1 Russell Offices (R1-6-A), Canberra ACT 2600

Email: information@dsto.defence.gov.au

Web: www.dsto.defence.gov.auDSTO

DEFENSE GETS EXTRA BUCKS

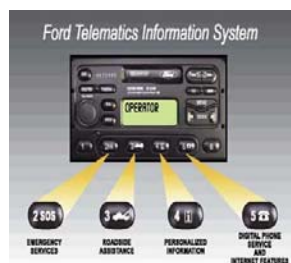
March 21, 2006

Australian media recently reported that Defense Minister Brendan Nelson has won approval for a 3% budget increase, to be included in the coming Federal Budget. The increase relieves pressure on the Defense Department, which was faced with decisions on possibly canceling or deferring some major equipment purchases. The current defense budget of \$13billion is expected to reach \$15 billion by 2010 as a result of the latest increase. According to one report, without a significant increase, a range of capital equipment projects expected to be included in the new 2006-2016 defense capability plan would be unaffordable.

The existing defense capability plan includes annual expenditure on major new capital projects at close to \$3billion a year, a large part of which is committed to very large projects, such as new air warfare destroyers and new joint strike fighter aircraft over the next decade.

TELEMATICS

Telematics is a term being used increasingly for a mobile communications system designed for collecting and disseminating information, with particular reference to vehicle-based electronic systems, vehicle tracking and positioning, and on-line vehicle navigation. Currently, around 50,000 private passenger vehicles in Australia are fitted with a telematics device, capable of delivering some form of safety or security service. **Within five years this figure is expected to grow to more than 500,000 vehicles.**



Telematics service providers and police have been using telematics in some degree for about seven years. Its use has increased the recovery rate of property, and in the case of emergency calls and vehicle accidents, has on occasion saved lives.

To establish formal procedures in the growing use of telematics, a national voluntary protocol sets out a framework for the minimum criteria to be adopted by telematics service providers and police services.

More information is in the draft document at:

<http://www.asial.com.au/files/ASIALNationalProtocolforVehicleAlertEscalation1Dec05.pdf>

INTEREST GROWS IN USCS SECURITY 2006 PROMOTION



Following our initial email message in mid-March offering U.S. companies an opportunity to explore Australian business prospects at the August Security 2006 show, a number of companies have already registered interest in participating.

USCS Australia is offering several options at this major industry event staged by ASIAL*, including an individual meeting program and an individual search for a local partner.

Companies can find more details plus register on-line at www.buyusa.gov/australia/en/security2006.html

**** See also Conferences and Exhibitions ****

*ASIAL is the peak body of the Australian security industry. It produces its own magazine:



Security Insider is the bi-monthly magazine produced by the industry for the industry, which is read by a quality audience of over 10,000 senior decision makers within the security industry.

This allows the publication to draw on the Association's resources, as well as security experts and operators from around the country and overseas. With its competitive advertising rates and high penetration of the industry, Security Insider claims to be the best, most cost effective option for promoting products and services to the security industry in Australia.

ASIAL is supporting USCS at Security 2006.

URL is www.asial.com.au

EXERCISE PACIFIC PROTECTOR 06



The Australian Department of Defense has announced to the media that it will host Exercise Pacific Protector 06, a major international Proliferation Security Initiative (PSI) exercise, on April 6, 2006.

The objective of Exercise Pacific Protector 06 is to demonstrate the resolve of Australia and its international PSI partners to deter and prevent the illicit transfer of Weapons of Mass Destruction and related materials.

The exercise will involve an air interception scenario, together with ground-based activities, around Darwin in Australia's north.

The air component of the exercise will include Royal Australian Air Force, Royal New Zealand Air Force aircraft, and U.S. KC135 refueling aircraft. Ground based activities will include a Customs team from Australia and specialist response personnel from Singapore, the UK and US, plus the Australian Defense Force Incident Response Regiment. Japan is contributing a joint team comprising Customs and Police personnel. Further information can be found at www.defence.gov.au/psi

EXTENDING AIRPORT SECURITY

The Australian Government has announced it will provide \$6 million over four years to provide capability for regional airports to conduct basic passenger screening at short notice. This new measure will include hand wand metal detection capability equipment for metal detection and training for staff at 146 regional airports on how to use it.



Although the threat level to regional airports has been assessed as low, the Government has decided that all regular public transport airports across Australia should be in a position to establish and operate hand wand metal detection capability quickly in the event of a change in alert levels. Screening will form part of the new regional airport security programs currently under development.

Australian Federal Police staff will be on hand to conduct bomb appraisal and explosive detection canine services. If passenger screening and heightened security measures were required at

short notice, the AFP and airport management would coordinate on-the-ground management of the screening process. The Office of Transport Security will implement and manage the training of regional airport staff. The Office of Transport Security is an agency in the Department of Transport and Regional Services – details at www.dotars.gov.au/transsec/index.aspx

COMBAT CLOTHING INQUIRY

On February 11, 2006, Australian Defense Minister Brendan Nelson rejected a media report that Australian troops in Iraq and Afghanistan are being put at risk by defective gear. Dr Nelson said that he had been advised by the Chief of the Defense Force that the troops have told him that they are the best equipped they have ever been. *The Australian* newspaper reported that defense department documents revealed the troops, including the elite SAS, have had safety compromised because of defective body armor, combat jackets and helmets.

However, the Minister announced on March 3 2006, an inquiry into the Department's procurement practices for clothing and personal equipment for members of the



Australian Defense Force. The inquiry will ensure that practices comply with Commonwealth Procurement Guidelines and provide suggestions for improvements. The Minister has asked Review Team to report by the end of May 2006.

USCS will watch for any opportunities for U.S. suppliers that may result from the inquiry.

ARMY FIREPOWER BOOST

The Government has provided first pass approval for the Australian Defense Department to develop a project to replace Army's current 105mm and 155mm artillery pieces with new, more capable, artillery systems under a project known as *Land 17*.



Land 17 will invest in artillery systems with longer range, improved precision, and better crew protection. Options for replacing the current towed artillery pieces include a mix of protected self-propelled artillery systems, and lightweight towed artillery systems. As an additional benefit, the project will also examine advanced high precision munitions and a networked command and fire control system.

An open Request for Tender is expected later this year to identify companies that can provide artillery systems with the requisite level of capability. It is envisaged that the new system will be brought into service over the period 2011-2013 at a total cost of between \$325 million and \$430 million. Information:

Project Director
 LAND 17 – Artillery Replacement Project
 Combat Support Systems Program Office
 Land Combat Systems Branch,
 Land Systems Division,
 Defence Materiel Organization
 Victoria Barracks Melbourne
 256-310 St Kilda Road,
 SOUTHBANK VIC 3006 Australia
 Fax: +61 3 9282 5701
 Again, we'll watch for the RFT!

NATIONAL SECURITY RADIO FOR AUSTRALIA

On March 7, 2006, a new radio program was launched in Canberra, to provide a weekly round up and expert analysis of defense, counter-terrorism and homeland security issues facing the nation. The program is structured towards those employed in, or having a related interest in the military, national security, emergency service, border security, law enforcement and private security sectors. *"National Security Radio has adopted podcasting - a new communications distribution technology to help keep the next generation of national security professionals up to date on critical issues of concern"*, according to program anchors Trevor Thomas, Editor-in-Chief of *Australian Defence Business Review* magazine, and Athol Yates, Executive Director of the *Australian Homeland Security Research Center*. National Security Radio can be found at www.nationalsecurityradio.org.au/index.htm

Trevor told USCS that initial response to the new service has been encouraging, and welcomes *Defense Focus* readers in the U.S. to tune in and download the latest commentaries on this high profile sector.

ADM'S TOP 10 DEFENSE CONTRACTORS

Australian Defense Magazine has reported Australia's top defense companies for 2005. According to the publication, in 2005, Australia's top ten defense contractors recorded a total increase in turnover of 13% over the previous year. (The Top 40 companies recorded an increase of 15.96% over last year).

Here's the top ten:

- 1 ADI Limited (Thales seeking 100% ownership)
- 2 Tenix Defence Pty Ltd
- 3 BAE Systems Australia
- 4 Australian Aerospace Limited (EADS)
- 5 Raytheon Australia Pty Ltd
- 6 The Boeing Company
- 7 Spotless Group Limited
- 8 ASC Pty Ltd
- 9 Saab Systems Pty Ltd
- 10 Transfield Services

Australian Defence Magazine can be found at <http://www.yaffa.com.au/defence/>

APEC 2007

The APEC Economic Leaders' Meeting will be held in Sydney on September 8-9 2007. It will bring together the leaders of all major regional economies and thousands of delegates and support personnel. It is one of the most important annual meetings of world leaders. The APEC Economic Leaders' Meeting will be the most significant international meeting ever hosted by Australia. It will be preceded by up to 100 days of ministerial, officials-level and business-group meetings across the country.

The Australian Government has determined that the Protective Security Coordination Center (PSCC) will be responsible for security management for APEC 2007, the most complex and extensive dignitary protection operation mounted by Australia.

To find out more about role of the PSCC, visit: <http://www.ag.gov.au/www/protectivesecurityhome.nsf>



CONFERENCES AND EXHIBITIONS

CeBIT Australia 2006

Information and Communications Technology
Darling Harbor, Sydney
May 9-11, 2006
www.buyusa.gov/australia

Security in Government Conference

Security and the Australian Community
National Convention Center Canberra
May 9-11, 2006
www.ag.gov.au/SIG

Heli Pacific 2006

Civil and military helicopter event
Royal Pines Resort, Queensland
May 31- June 1, 2006
www.shephard.co.uk/heli-pacific

Annual Defense and Industry Conference

The Australian Defense Department's annual presentations to industry.
National Convention Center Canberra
June 19-21, 2006. The event has its own web site each year – 2006 is not active yet, but check:
www.defenceandindustry.com.au from time to time.

SimTect 2006

Simulation Conference and Exhibition
Melbourne Convention Center, Melbourne
June 1, 2006.
www.simtect.com
To register, contact the Conference Secretariat,
PO Box 3127,
Belconnen Delivery Center
ACT 2617, Australia, fax: +61 2 6251 0672.

IGNSS2006

International Global Navigation Satellite Systems Society
Holiday Inn Surfers Paradise, Queensland
July 17 – 21, 2006
<http://www.ignss.org>

Australian International Air Show

Avalon Airport, Victoria
March 20-25, 2007
www.airshow.net.au

*The USCS Aerospace Team is planning a promotional program for this event. See later issues of **Defense Focus!***



Security 2006

Darling Harbor, Sydney
August 29 - 31 2006
www.asial.com.au



Join The U.S. Commercial Service at Security 2006

This show is the **BIG** one in Australia in this industry. Whether you are seeking new sales or testing the market, we can help your business meet its objectives for the Australian market. Here's what we are offering:

Find a Partner - let us find you an agent or distributor. Using your company data, we'll identify and contact Australian companies keen to talk with you about an arrangement. We'll send you a report with the results and contact details.

Meet a Partner - go a step further. We'll extend package above to include a schedule of individual appointments at the show with prospective agents and distributors. This will help you to hit the ground running and get the most from your participation in the event.

Register your Interest at www.buyusa.gov/australia/en/security2006.html

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